

PUBLIC DISCLOSURE

AUGUST 5, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

NEW BEDFORD CREDIT UNION

1150 PURCHASE STREET
NEW BEDFORD, MA 02740

DIVISION OF BANKS
100 CAMBRIDGE STREET
BOSTON, MA 02202

| |
|--|
| <p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p> |
|--|

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting its needs of its entire local community, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of NEW BEDFORD CREDIT UNION prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

The credit union's rating is based upon the five performance criteria analyzed in this report. The loan-to-deposit ratio has averaged 65.9% for the period June 30, 1996, to June 30, 1998. This ratio indicates a willingness to extend credit to membership and meets the standards for a satisfactory performance. A review of the credit union's origination of residential mortgage, home improvement, and consumer loans from January 1, 1996, through year-to-date June 30, 1998, revealed that a significant majority of loans were extended within the assessment area and exceeds the standards for a satisfactory performance. The distribution of loans to borrowers of different income levels adequately represents the demographic composition of the assessment area. The geographic distribution reflects adequate penetration throughout its assessment area and meets the standards for a satisfactory performance. No CRA-related complaints have been received since the last examination. The fair lending examination revealed no evidence of discriminatory acts or practices.

PERFORMANCE CONTEXT

Description of Institution

New Bedford Credit Union is a state chartered credit union, founded in 1932. The credit union's by-laws state that membership in the credit union is open to employees of the City of New Bedford, including pensioned employees, members of their immediate families and, "500 others". As of June 30, 1998, the credit union had a membership of 8,467 members with a potential membership of 25,401. The main office is located at 1150 Purchase Street in New Bedford. Office hours are convenient and services appear to be accessible to all members of the assessment area. The credit union has no Automated Teller Machines (ATMs) available, at this time.

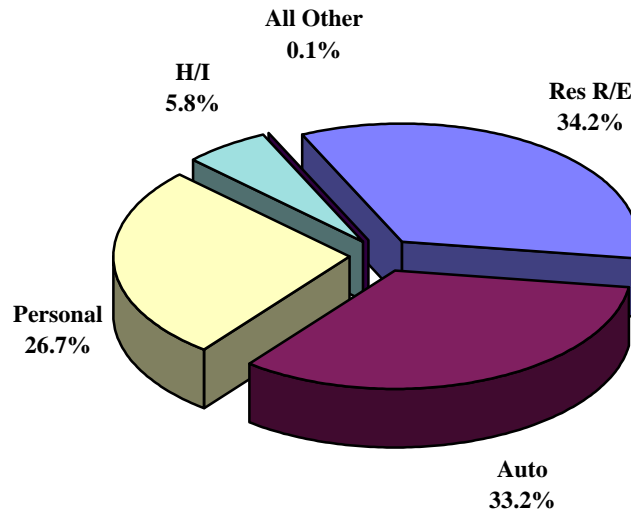
The credit union offers a variety of credit products including residential real estate, home improvement, second mortgage, personal (secured and unsecured), recreational vehicle, and automobile loans.

On July 15, 1998, the credit union's management team along with the board of directors established a three-year Strategic Plan. The credit union's initiative is to continually strive to serve and understand the needs of its membership by promoting consumer-oriented products. These products may come in the form of low cost deposit services or loan products with favorable rates and terms. The credit union will also become more involved with community groups through the efforts of its directors serving in various capacities on advisory boards of local community groups.

The credit union was last examined by the Division of Banks for compliance with the Community Reinvestment Act on November 27, 1995, and received a Satisfactory rating.

As of June 30, 1998, New Bedford Credit Union had total assets of \$43,419,919, 57.4% of which were in the form of loans. Of these loans, 34.2% were comprised of 1-4 family residential loans, 33.2% were comprised of automobile loans, 26.7% were composed of personal secured and unsecured loans, 5.8% were comprised of home improvement loans and 0.1% comprised all other loans. See the following graph.

LOAN PORTFOLIO BY TYPE NEW BEDFORD CREDIT UNION



Description of Assessment Area

The credit union's assessment area consists of the City of New Bedford and the Towns of Acushnet, Dartmouth, Fairhaven, Freetown, Marion, Mattapoisett, and Rochester. These localities make up the New Bedford Metropolitan Statistical Area (MSA).

Housing and income data provided on the credit union's assessment area indicates the median family incomes range from a low of \$30,614 in New Bedford to a high of \$56,284 in Marion. The median home values range from a low of \$115,500 in New Bedford to a high of \$201,800 in Marion. The percentage of owner-occupied homes within the assessment area range from a low of 43.8% in New Bedford to a high of 92.5% in Rochester.

The credit union's assessment area is comprised of 44 census tracts. There is one low-income census tract, 13 moderate-income census tracts, 23 middle-income census tracts and 7 upper-income census tracts.

Refer to the following tables for further information.

| ASSESSMENT AREA HOUSING DATA | | | |
|------------------------------|------------------------|--------------------|--------------------|
| CITY/TOWN | FAMILY MEDIAN INCOME** | MEDIAN HOME VALUE* | % OWNER-OCC UNITS* |
| Acushnet | \$43,745 | \$129,700 | 83.8 |
| Dartmouth | \$42,896 | \$149,100 | 80.0 |
| Fairhaven | \$39,391 | \$121,900 | 70.1 |
| Freetown | \$54,197 | \$156,500 | 89.5 |
| Marion | \$56,284 | \$201,800 | 77.2 |
| Mattapoisett | \$49,634 | \$190,000 | 74.4 |
| New Bedford | \$30,614 | \$115,900 | 43.8 |
| Rochester | \$51,159 | \$162,400 | 92.5 |

* Based on 1990 Census Data.

** Based on HUD Estimated 1995 Median Family Income

| CENSUS TRACTS BY INCOME WITHIN THE ASSESSMENT AREA | | | | | |
|--|----------|-----------|-----------|----------|-----------|
| CITY/TOWN | LOW | MODERATE | MIDDLE | UPPER | TOTAL |
| New Bedford | 1 | 13 | 16 | 1 | 31 |
| Acushnet | 0 | 0 | 1 | 1 | 2 |
| Dartmouth | 0 | 0 | 2 | 1 | 3 |
| Fairhaven | 0 | 0 | 4 | 0 | 4 |
| Freetown | 0 | 0 | 0 | 1 | 1 |
| Marion | 0 | 0 | 0 | 1 | 1 |
| Mattapoisett | 0 | 0 | 0 | 1 | 1 |
| Rochester | 0 | 0 | 0 | 1 | 1 |
| Total | 1 | 13 | 23 | 7 | 44 |

* Based on 1993 % MSA Median Family Household Income.

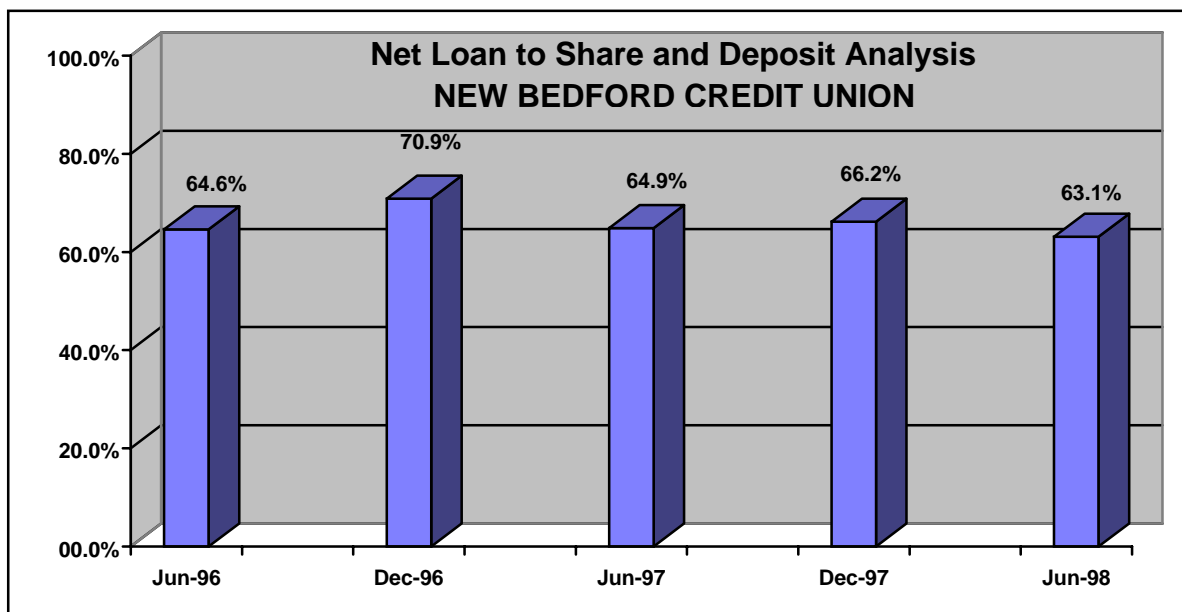
PERFORMANCE CRITERIA

1. NET LOAN TO SHARE AND DEPOSIT ANALYSIS

An analysis of New Bedford Credit Union's net loan to share and deposit ratio was performed during the examination. The calculation incorporated five semi-annual N.C.U.A. 5300 Call Reports of the credit union's net loan to total share and deposit figures. This review included the reports from June 30, 1996 through June 30, 1998.

The institution's average loan to share and deposit ratio for the period under review was determined to be 65.9%. The analysis revealed that during the period the ratios have fluctuated from a high of 70.9 % on December 31, 1996 to a low of 63.1% on June 30, 1998. These fluctuations can be attributed to the credit union's deposits increasing at a faster rate than loans. For the period under review shares and deposits increased by 16.2% while loans increased by 13.5%.

The following graph illustrates the loan to share trends.



Based on the above information, New Bedford Credit Union's capacity to lend, the capacity of other similarly-situated institutions to lend in the assessment area, demographic and economic factors present in the assessment area, and the lending opportunities available in the assessment area, the credit union's loan to share and deposit ratio meets the standards for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

A sample of the credit union's consumer loan originations during 1997 and year-to-date June 30, 1998, was reviewed. The sample revealed that 96.0%, of the loans originated, were within the assessment area. New Bedford accounted for the highest number of originations with 58.0%, followed by Dartmouth with 15.0%

The following table includes all consumer loans reviewed in the sample.

CONSUMER LOANS BY NUMBER OF ORIGINATIONS

| | 1997 | | Year-to-Date 1998 | | TOTALS | |
|-------------------------|-----------|--------------|-------------------|--------------|------------|--------------|
| LOCATION | # | % | # | % | # | % |
| New Bedford | 34 | 68.0 | 24 | 48.0 | 58 | 58.0 |
| Dartmouth | 3 | 6.0 | 12 | 24.0 | 15 | 15.0 |
| Fairhaven | 8 | 16.0 | 5 | 10.0 | 13 | 13.0 |
| Acushnet | 2 | 4.0 | 4 | 8.0 | 6 | 6.0 |
| Mattapoisett | 1 | 2.0 | 1 | 2.0 | 2 | 2.0 |
| Freetown | 1 | 2.0 | 0 | 0.0 | 1 | 1.0 |
| Rochester | 1 | 2.0 | 0 | 0.0 | 1 | 1.0 |
| Marion | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| INSIDE ASSESSMENT AREA | 50 | 100.0 | 46 | 92.0 | 96 | 96.0 |
| OUTSIDE ASSESSMENT AREA | 0 | 0.0 | 4 | 8.0 | 4 | 4.0 |
| TOTALS | 50 | 100.0 | 50 | 100.0 | 100 | 100.0 |

Source: Credit Union's Loan Files

A review of the credit union's Loan Application Registers (LARs) for 1996, 1997 and year-to-date June 30, 1998, was conducted. The credit union originated 36 residential mortgage loans and 89 home improvement loans during this period. Of the residential mortgage loans, 94.4% were originated within the assessment area. Of the 89 home improvement loans, 89.9% were originated within the assessment area. New Bedford accounted for the highest concentration of originations with 44.4% of the residential mortgages and 65.2% of the home improvement loans.

The following tables provide a breakdown of the number of residential mortgage and home improvement loans originated within the bank's assessment area.

RESIDENTIAL MORTGAGE LOANS BY NUMBER OF ORIGINATIONS

| | 1996 | | 1997 | | Year-to-Date 1998 | | TOTAL | |
|----------------------------------|-----------|--------------|-----------|--------------|----------------------|--------------|-----------|--------------|
| LOCATION | # | % | # | % | # | % | # | % |
| New Bedford | 5 | 27.8 | 9 | 81.8 | 2 | 28.6 | 16 | 44.4 |
| Fairhaven | 3 | 16.7 | 0 | 0.0 | 2 | 28.6 | 5 | 13.9 |
| Acushnet | 4 | 22.3 | 0 | 0.0 | 0 | 0.0 | 4 | 11.1 |
| Mattapoisett | 1 | 5.5 | 0 | 0.0 | 3 | 42.8 | 4 | 11.1 |
| Dartmouth | 2 | 11.1 | 1 | 9.1 | 0 | 0.0 | 3 | 8.3 |
| Marion | 2 | 11.1 | 0 | 0.0 | 0 | 0.0 | 2 | 5.6 |
| Freetown | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Rochester | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Inside Assessment Area | 17 | 94.5 | 10 | 90.9 | 7 | 100.0 | 34 | 94.4 |
| Total Outside Assessment Area | 1 | 5.5 | 1 | 9.1 | 0 | 0.0 | 2 | 5.6 |
| TOTAL | 18 | 100.0 | 11 | 100.0 | 7 | 100.0 | 36 | 100.0 |

Source: 1996, 1997 and year-to-date June 30, 1998, LAR data

HOME IMPROVEMENT LOANS BY NUMBER OF ORIGINATIONS

| | 1996 | | 1997 | | Year-to-Date 1998 | | TOTAL | |
|-------------------------------|-----------|--------------|-----------|--------------|-------------------|--------------|-----------|--------------|
| LOCATION | # | % | # | % | # | % | # | % |
| New Bedford | 22 | 75.9 | 28 | 66.7 | 8 | 44.3 | 58 | 65.2 |
| Dartmouth | 4 | 13.8 | 6 | 14.3 | 3 | 16.7 | 13 | 14.6 |
| Acushnet | 0 | 0.0 | 3 | 7.1 | 1 | 5.6 | 4 | 4.5 |
| Marion | 2 | 6.9 | 1 | 2.4 | 0 | 0.0 | 3 | 3.4 |
| Fairhaven | 0 | 0.0 | 1 | 2.4 | 0 | 0.0 | 1 | 1.1 |
| Mattapoisett | 0 | 0.0 | 0 | 0.0 | 1 | 5.6 | 1 | 1.1 |
| Freetown | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Rochester | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Inside Assessment Area | 28 | 96.6 | 39 | 92.9 | 13 | 72.2 | 80 | 89.9 |
| Total Outside Assessment Area | 1 | 3.4 | 3 | 7.1 | 5 | 27.8 | 9 | 10.1 |
| TOTAL | 29 | 100.0 | 42 | 100.0 | 18 | 100.0 | 89 | 100.0 |

Source: 1996, 1997 and year-to-date June 30, 1998, LAR data

An additional review of the credit union's Loan Application Registers (LARs) for 1996, 1997, and year-to-date, June 30, 1998, was conducted. This review indicated that the credit union originated \$2,817,000 in residential mortgage loans and \$1,109,000 in home improvement loans during this period. Of the residential mortgage loans, 94.7% were originated within the assessment area. Of the home improvement loans, 89.4% were originated within the assessment area. New Bedford accounted for the highest concentration of originations with 40.7% of the residential mortgage loans and 62.8% of the home improvement loans.

The following tables provide a breakdown of the dollar volume of residential mortgage and home improvement loans originated within the credit union's assessment area.

RESIDENTIAL MORTGAGE LOANS ORIGINATED BY DOLLAR AMOUNT

| | 1996 | | 1997 | | Year-to-Date 1998 | | TOTAL | |
|-------------------------------|--------------|--------------|------------|--------------|-------------------|--------------|--------------|--------------|
| LOCATION | \$(000) | % | \$(000) | % | \$(000) | % | \$(000) | % |
| New Bedford | 402 | 29.6 | 653 | 77.8 | 90 | 14.6 | 1,145 | 40.7 |
| Fairhaven | 193 | 14.2 | 0 | 0.0 | 227 | 36.8 | 420 | 14.9 |
| Acushnet | 357 | 26.2 | 0 | 0.0 | 0 | 0.0 | 357 | 12.7 |
| Mattapoisett | 40 | 2.9 | 0 | 0.0 | 300 | 48.6 | 340 | 12.1 |
| Dartmouth | 232 | 17.1 | 76 | 9.1 | 0 | 0.0 | 308 | 10.9 |
| Marion | 97 | 7.1 | 0 | 0.0 | 0 | 0.0 | 97 | 3.4 |
| Freetown | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Rochester | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Inside Assessment Area | 1321 | 97.1 | 729 | 86.9 | 617 | 100.0 | 2,667 | 94.7 |
| Total Outside Assessment Area | 40 | 2.9 | 110 | 13.1 | 0 | 0.0 | 150 | 5.3 |
| TOTAL | 1,361 | 100.0 | 839 | 100.0 | 617 | 100.0 | 2,817 | 100.0 |

Source: 1996, 1997 and year-to-date June 30, 1998, LAR data

HOME IMPROVEMENT LOANS ORIGINATED BY DOLLAR AMOUNT

| | 1995 | | 1996 | | Year-to-Date 1997 | | TOTAL | |
|-------------------------------|------------|--------------|------------|--------------|-------------------|--------------|--------------|--------------|
| LOCATION | \$(000) | % | \$(000) | % | \$(000) | % | \$(000) | % |
| New Bedford | 256 | 71.3 | 336 | 66.0 | 105 | 43.6 | 697 | 62.8 |
| Dartmouth | 58 | 16.2 | 69 | 13.6 | 40 | 16.6 | 167 | 15.1 |
| Acushnet | 0 | 0.0 | 45 | 8.8 | 15 | 6.2 | 60 | 5.4 |
| Marion | 30 | 8.3 | 15 | 2.9 | 0 | 0.0 | 45 | 4.1 |
| Fairhaven | 0 | 0.0 | 14 | 2.8 | 0 | 0.0 | 14 | 1.3 |
| Mattapoisett | 0 | 0.0 | 0 | 0.0 | 8 | 3.3 | 8 | 0.7 |
| Freetown | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Rochester | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Inside Assessment Area | 344 | 95.8 | 479 | 94.1 | 168 | 69.7 | 991 | 89.4 |
| Total Outside Assessment Area | 15 | 4.2 | 30 | 5.9 | 73 | 30.3 | 118 | 10.6 |
| TOTAL | 359 | 100.0 | 509 | 100.0 | 241 | 100.0 | 1,109 | 100.0 |

Source: 1996, 1997 and year-to-date June 30, 1998, LAR data

Based upon the above information the credit union has originated the vast majority of its residential mortgage, home improvement, and consumer loans within its assessment area. Therefore, the credit union is considered to exceed the standards for a satisfactory performance in this criteria.

3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

An analysis of residential mortgage and home improvement loans extended, within the credit union's assessment area among various income levels was conducted. Originations were categorized by the ratio of the applicant's reported incomes to the 1996, 1997, and year-to-date June 30, 1998, median family incomes of the New Bedford Metropolitan Statistical Area (MSA). Income figures were based on estimated 1996, 1997, and 1998 data from the Department of Housing and Urban Development (HUD). The New Bedford MSA incomes were \$38,800, \$40,900 and \$40,900 respectively.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA; moderate-income is defined as 50 to 79 percent of the median family income; middle-income is defined as income between 80 and 119 percent of the median family income; and upper-income is defined as income greater than 120 percent of the median family income.

The analysis of residential mortgage loans indicates that no loans were originated to low and moderate-income members, 17.6% were to middle-income members, and 82.4% to upper income members. The analysis of home improvement loans indicates that 3.8% were originated to low-income members, 12.5% were to moderate-income members, 31.3% were to middle-income members, and 52.4% were to upper-income members.

Refer to the following tables for further information.

RESIDENTIAL MORTGAGE LOAN ORIGINATIONS BY INCOME OF BORROWER

| % OF MEDIAN MSA INCOME | 1996 | | 1997 | | Year-to-Date 1998 | | TOTAL | |
|---------------------------|-----------|--------------|-----------|--------------|-------------------|--------------|-----------|--------------|
| | # | % | # | % | # | % | # | % |
| <50% | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| 50% - 79% | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| 80% - 119% | 2 | 11.8 | 1 | 10.0 | 3 | 42.9 | 6 | 17.6 |
| 120% > | 15 | 88.2 | 9 | 90.0 | 4 | 57.1 | 28 | 82.4 |
| TOTAL | 17 | 100.0 | 10 | 100.0 | 7 | 100.0 | 34 | 100.0 |

Source: 1996, 1997, and year-to-date June 30, 1998, LAR Data

HOME IMPROVEMENT LOAN ORIGINATIONS BY INCOME OF BORROWER

| % OF MEDIAN MSA INCOME | 1996 | | 1997 | | Year-to-Date 1998 | | TOTAL | |
|---------------------------|-----------|--------------|-----------|--------------|----------------------|--------------|-----------|--------------|
| | # | % | # | % | # | % | # | % |
| <50% | 0 | 0.0 | 2 | 5.1 | 1 | 7.7 | 3 | 3.8 |
| 50% - 79% | 6 | 21.4 | 3 | 7.7 | 1 | 7.7 | 10 | 12.5 |
| 80% - 119% | 10 | 35.7 | 12 | 30.8 | 3 | 23.1 | 25 | 31.3 |
| 120% > | 12 | 42.9 | 22 | 56.4 | 8 | 61.5 | 42 | 52.4 |
| TOTAL | 28 | 100.0 | 39 | 100.0 | 13 | 100.0 | 80 | 100.0 |

Source: 1996, 1997, and year-to-date June 30, 1998, LAR Data

As indicated in the first table above, there were no residential mortgage loan originations to individuals of low and moderate-income. This is due in part to a relatively high poverty level in New Bedford that makes home ownership questionable for many of these individuals. Also, the credit union draws a significant portion of its membership from reasonably well-compensated city employees which tends to skew data in favor of the upper-income categories.

A sample of consumer loans originated in 1997 and year-to-date June 30, 1998, was reviewed and revealed that 18.8% were granted to low-income members, 31.3% to moderate-income members, 35.4% to middle-income members, and 14.5% were to upper-income members.

CONSUMER LOAN ORIGINATIONS BY INCOME OF BORROWER

| % OF MEDIAN MSA INCOME | 1997 | | Year-to-Date 1998 | | TOTAL | |
|---------------------------|-----------|--------------|-------------------|--------------|-----------|--------------|
| | # | % | # | % | # | % |
| <50% | 11 | 22.0 | 7 | 15.2 | 18 | 18.8 |
| 50% - 79% | 12 | 24.0 | 18 | 39.1 | 30 | 31.3 |
| 80% - 119% | 19 | 38.0 | 15 | 32.6 | 34 | 35.4 |
| 120% > | 8 | 16.0 | 6 | 13.1 | 14 | 14.5 |
| TOTAL | 50 | 100.0 | 46 | 100.0 | 96 | 100.0 |

Source: credit union's loan files

The consumer loan tables indicate a more even distribution and better penetration levels of low and moderate-income individuals. This is typically true of consumer lending. However it should also be stated that analysis of consumer loans can also be skewed somewhat due to the fact that most consumer loans are granted based on the income of one applicant, while mortgage loan applications typically consider the income of two applicants. However, both are compared to the median family income of the MSA. Nevertheless, because the bank is primarily a consumer lender, with 59.9% of the loan portfolio in either personal or automobile loans, more weight is given to the distribution of consumer loans.

Based on all of the above information the credit union is considered to meet the standards for a satisfactory performance in this criteria.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

An analysis of the number of residential mortgage and home improvement loans extended within the various census tracts, during 1996, 1997 and year-to-date June 30, 1998, within the credit union's assessment area was conducted. This analysis indicated that none of the residential mortgage loans originated were within census tracts designated as low-income, 5.9% were originated within moderate-income census tracts, 61.8% were within middle-income census tracts, and 32.3% were within upper-income census tracts. The analysis of home improvement loan originations indicated that 2.5% were within low-income census tracts, 11.3% were within moderate-income census tracts, 72.5% were within middle-income census tracts, and 13.7% were within upper-income census tracts.

Refer to the following tables for additional information.

RESIDENTIAL MORTGAGE LOAN ORIGINATIONS BY CENSUS TRACT

| CENSUS TRACT | 1996 | | 1997 | | YEAR-TO-DATE 1998 | | TOTAL | |
|--------------|-----------|--------------|-----------|--------------|-------------------|--------------|-----------|--------------|
| | # | % | # | % | # | % | # | % |
| LOW | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| MODERATE | 1 | 5.8 | 0 | 0.0 | 1 | 14.2 | 2 | 5.9 |
| MIDDLE | 8 | 47.1 | 10 | 100.0 | 3 | 42.9 | 21 | 61.8 |
| UPPER | 8 | 47.1 | 0 | 0.0 | 3 | 42.9 | 11 | 32.3 |
| TOTAL | 17 | 100.0 | 10 | 100.0 | 7 | 100.0 | 34 | 100.0 |

Source: 1996, 1997, and year-to-date June 30, 1998, LAR data

HOME IMPROVEMENT LOAN ORIGINATIONS BY CENSUS TRACT

| CENSUS TRACT | 1996 | | 1997 | | YEAR-TO-DATE 1998 | | TOTAL | |
|--------------|-----------|--------------|-----------|--------------|-------------------|--------------|-----------|--------------|
| | # | % | # | % | # | % | # | % |
| LOW | 1 | 3.6 | 1 | 2.6 | 0 | 0.0 | 2 | 2.5 |
| MODERATE | 2 | 7.1 | 5 | 12.8 | 2 | 15.4 | 9 | 11.3 |
| MIDDLE | 23 | 82.2 | 27 | 69.2 | 8 | 61.5 | 58 | 72.5 |
| UPPER | 2 | 7.1 | 6 | 15.4 | 3 | 23.1 | 11 | 13.7 |
| TOTAL | 28 | 100.0 | 39 | 100.0 | 13 | 100.0 | 80 | 100.0 |

Source: 1996, 1997, and year-to-date June 30, 1998, LAR Data

Although the percentage of loans originated in low and moderate-income census tracts appears to be low, a further review of the loans originated in those tracts indicates that the credit union penetrated nine of the fourteen tracts or 64.3%. Also a review of consumer lending was not possible, as census tract information is not recorded for these loans. Overall, the credit union has shown adequate willingness to lend in all tracts in its assessment area, therefore the credit union is considered to meet the standards for a satisfactory performance.

5. REVIEW OF COMPLAINTS/FAIR LENDING

No CRA related complaints have been received since the previous examination.

FAIR LENDING POLICIES AND PRACTICES

During the first half of 1998, the credit union established a "Fair Lending Policy". This policy provides brief guidelines regarding the credit union's efforts to address requirements of the Division's Regulatory Bulletin 2.3-101.

STAFF TRAINING

Although the size of the credit union preclude any formal in-house training, management and staff have attended various seminars during 1997 and year-to-date June 30, 1998 that addresses community reinvestment and fair lending.

STAFF COMPOSITION AND COMPENSATION

New Bedford Credit Union's staff is composed of 22 employees, 19 of who are full-time and 3 of who are part-time. There are two minority employees. There are several employees who are bilingual in Portuguese and Spanish. In addition, the Board of Directors reflects the composition of the assessment area, with five members who are Portuguese, one who is Cape Verdean, and one who is Hispanic.

OUTREACH

The credit union identifies the credit needs of its assessment area through the involvement of its directors and employees with several local organizations including, the New Bedford Economic Development Council; the New Bedford Chamber of Commerce; the City of New Bedford Executive Board; the New Bedford Board of Realtors; and the New Bedford Latino Access Center.

As part of the credit union's outreach efforts, the Chief Executive Officer (CEO) addresses members of the senior class at the Greater New Bedford Vocational Technical High School on how to apply for a loan. In addition, the CEO teaches an 8th grade class at the Mt. Carmel School in New Bedford about financial matters and how to manage a checking account. These classes are held once a week for 8-10 weeks, each year.

CREDIT PRODUCTS AND UNDERWRITING STANDARDS

The credit union is fairly proactive in periodic product review. Current offerings include mortgage loans, home improvement loans, and a variety of consumer loans. In addition, each Christmas the credit union offers a one-year Christmas loan up to \$2,000 at a 9.00% rate. The percentage rate is 3.00% lower than the rate for a personal unsecured loan. Based on the credit needs of its membership, the credit union is in the process of offering home equity loans. This is an indication of the credit union's commitment to reviewing its product mix to be certain it is meeting the credit needs of its members, including those of low and moderate-income.

MARKETING

New Bedford Credit Union maintains a program that appears to reach all segments of its assessment area. Advertisements are directed to encourage a wide range of individuals to apply for various credit products.

The credit union advertises its products primarily through newspapers. Regular advertisements appear in The Standard Times, a daily publication covering the Greater New Bedford area. To ensure that the credit union is reaching all segments of its assessment area, advertisements targeting Portuguese-speaking members are run in the O Journal, a Greater New Bedford and Fall River Portuguese weekly newspaper. In addition, the credit union advertises in The Cape Verde News, a weekly publication targeting the Greater New Bedford area.

In addition to newspapers, the credit union advertises on a local cable station that broadcasts in the Greater New Bedford and Fall River areas. The credit union also advertises on two radio stations; WBSM-AM 1420 a news-talk station and FUN 107-WFHN-FM a music station. Both radio stations cover the Greater New Bedford area.

CREDIT EDUCATION

The credit union is not involved in any credit education programs at this time. However, management has made a commitment to the Latino community to conduct financial seminars at the Latino Center located in New Bedford. Management is currently meeting with the groups Executive Director to determine a good time to hold these seminars.

COUNSELING

The credit union informs the members about the availability of credit counseling. In addition, the staff is receptive to members who have questions concerning applications for loans.

SECOND REVIEW PRACTICES

All consumer and real estate applications denied by the originating loan officer are presented to a second loan officer and the Chief Executive Officer for a second look before a final denial letter is issued.

INTERNAL CONTROL PROCEDURES

The credit union uses its second review process as an internal control to ensure that policies and procedures are not discriminatory.

MINORITY APPLICATION FLOW

The Division reviewed the total number of HMDA reportable mortgage and home improvement loan applications received within the credit union's assessment area for the years 1996, 1997 and Year-to-Date June 30, 1998. The credit union received a total of 124 applications during this period, 10 of which were from minority applicants. Minority applicants represented 8.1% of all residential applications received during this time period. A total of seven applications were received from Black applicants; (5.6%), two from Hispanic applicants (1.6%) and one from an Asian applicant (0.8%). New Bedford Credit Union's assessment area contains a total population of 175,641 individuals, 18,314 of which are minorities. Hispanics make up largest minority portion of the total population at 4.2%, followed by Blacks with 2.3%, Asian with 0.5%, and Native American with 0.3%. The remaining minority population at 3.2% is classified Other. American and Other 3.2%.

CONCLUSION

The New Bedford Credit Union's record of implementing and developing fair lending policies and practices is rated "Satisfactory". This rating is based on several criteria including, the credit union's efforts to market credit products to all segments of its assessment area; its efforts to provide credit education to prospective mortgage applicants through support of credit education seminars; its efforts to promote consumer credit counseling; its implementation of second review and internal control procedures; and its efforts to offer a variety of credit products to meet the needs of different segments of the population.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

NEW BEDFORD CREDIT UNION

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **AUGUST 5, 1998**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

| | |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 19 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each local community;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that community.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.